IASB issues IFRS Taxonomy Update for Covid-19-Related Rent Concessions

The International Accounting Standards Board (Board) recently issued an update to the IFRS Taxonomy 2020 for *Covid-19-Related Rent Concessions*, which amended IFRS 16 *Leases*. The IFRS Taxonomy Update includes IFRS Taxonomy elements to reflect the new disclosure requirements introduced by the amendment, issued by the Board in May 2020. For the IFRS Taxonomy Update and the IFRS Taxonomy files in XBRL, please go to published documents tab of the project page; for the IFRS Taxonomy Illustrated and Versioning Information, please go to supporting material tab.

(Source: https://www.ifrs.org/)

IFAC Releases Latest Installment of Exploring the IESBA Code

The International Federation of Accountants (IFAC) recently released the latest in its *Exploring the IESBA Code* educational series: Installment 8: *Responding to Non-compliance with Laws and Regulations (NOCLAR) [for PAIBs]*. The publication is part of a 12-month short series to help promote awareness of the provisions in the *International Code of Ethics for Professional Accountants (including International Independence Standards)* (the Code). Each installment focuses on a specific aspect of the Code using real-world situations in a manner that is relatable and practical. Previous installments highlighted the Code's five fundamental principles of ethics and conceptual framework, as well as more topic-specific requirements, such as independence and conflicts of interest. The *Exploring the IESBA Code* is published by IFAC and does not form part of the Code. It is non-authoritative and is not a substitute for reading the Code.

(Source: https://www.ifac.org/)

FASB Launches Post-Implementation Review Web Portal

The Financial Accounting Standards Board (FASB) announced the launch of its new Post-Implementation Review (PIR) web portal. The portal is available at www.FASB.org/PIR. The PIR process is an important quality control mechanism built into FASB's standard-setting process that begins after a standard is issued. During the process, the FASB solicits and considers diverse stakeholder input and other research to evaluate whether a standard is achieving its objective to provide financial statement users with relevant information in ways that justify the cost of providing it. This will allow the FASB to identify and address any areas for improvement arising from either adoption or implementation. The PIR web portal links visitors to current projects and provides an overview of the actions taken to date as well as the plan for future activities. This overview will evolve as the FASB learns more while it conducts its reviews and completes its activities. Depending on the outcome of the evaluation, the FASB may decide to take action to address one or more of the following:

- Areas of the standard that are not understandable
- Unintended consequences that were not foreseen during development of the standard, and/or
- Unexpected costs (one time or ongoing) based on the actual results observed as compared with the expectations documented in the Board's basis for conclusions.

As with all standard-setting activities, actions resulting from a PIR are subject to the Board's normal due process. The PIR portal and a FASB in Focus overview of the process are available at www.fasb.org.

(Source: https://www.fasb.org)

Review of the IFRS for SMEs Standard—what does alignment mean?

The International Accounting Standards Board (Board) published a Request for Information as part of the second comprehensive review of the *IFRS for SMEs* Standard. The objective of the Request for Information is to seek views on whether and how aligning the *IFRS for SMEs* Standard with the full IFRS Standards could better serve users of financial statements prepared applying the *IFRS for SMEs* Standard without causing undue cost and effort for SMEs.

Stakeholders can provide comments on the Request for Information in three different ways. The deadline for comments is 27 October 2020. *(Source: https://www.ifrs.org)*

IFAC Perspective on Proposed Rule Governing ESG Information in US Pension Plan Investment Decisions

A recently proposed rule in the United States addresses the appropriateness of ESG considerations as Financial Factors in Selecting Plan Investments (RIN 1210-AB95). The proposed rule highlights the increasing focus by asset owners and investors on the relevance of "non-financial" information—measures related to value creation, sustainability or environmental, social, and governance factors ("ESG factors"). IFAC continues to speak out on behalf of the global accounting profession on the topic of non-financial reporting and believes that corporate reporting should capture all relevant information about organisations. Investors and other stakeholders are demanding more and higher-quality information about company performance, risks, opportunities, and long-term prospects than the conventional financial reporting process makes available. While the importance of maximising the financial security of pension plan beneficiaries is clear, the rules governing asset allocation and investment decisions should not create ambiguity that could, for example, discourage fund managers from appropriately considering and disclosing ESG factors as a component of how they analyse company performance, nor in any way "chill prospects" for integrating the value of information that ESG factors can bring into portfolio or investment decisions related to ERISA plans.

IFAC believes that investors and markets benefit when relevant, reliable, and comparable ESG factors are included in corporate reporting. Further, reporting this information can incentivize companies to improve their focus and organisational decision-making on creating long-term value for investors, resulting in better long-term returns. This is explored in greater depth in IFAC's Point of View on Enhancing Corporate Reporting. As the global voice of the accounting profession, IFAC remains committed to advocating for a comprehensive approach to corporate reporting through its contributions to global consultations and engagements.

(Source: https://www.ifac.org)

FASB Improves Convertible Instruments And Contracts In An Entity's Own Equity

The Financial Accounting Standards Board (FASB) recently issued a new Accounting Standards Update (ASU) expected to improve financial reporting associated with accounting for convertible instruments and contracts in an entity's own equity. The ASU simplifies accounting for convertible instruments by removing major separation models required under current Generally Accepted Accounting Principles (GAAP). Consequently, more convertible debt instruments will be reported as a single liability instrument and more convertible preferred stock as a single equity instrument with no separate accounting for embedded conversion features. The ASU removes certain settlement conditions that are required for equity contracts to qualify for the derivative scope exception, which will permit more equity contracts to qualify for it. The ASU also simplifies the diluted earnings per share (EPS) calculation in certain areas. The ASU is effective for public business entities that meet the definition of a Securities and Exchange Commission (SEC) filer, excluding entities eligible to be smaller reporting companies as defined by the SEC, for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. For all other entities, the standard will be effective for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years. Early adoption will be permitted. In its original July 2019 Exposure Draft, the FASB also proposed simplifying the accounting for equity contracts by reducing form-over-substance-based accounting conclusions that are driven by remote contingent events in the assessment of the derivatives scope exception. However, based on mixed feedback from stakeholders during the public comment period, the FASB decided not to include those proposed changes in the ASU. Consequently, the FASB plans to continue to explore improvements on this aspect of the guidance in a separate Phase 2 project. The ASU, a FASB in Focus overview, and a video about the standard are available at www.fasb.org.

(Source: https://www.ifac.org)